

NATIONAL CREDIT UNION ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

**Region II Member Complaint
Process Review**

OIG-03-01 March 31, 2003



A handwritten signature in black ink, reading "Herbert S. Yolles".

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EXECUTIVE SUMMARY

The manner in which the National Credit Union Administration (NCUA) responds to inquiries and complaints by credit union members and the public plays a part in fulfilling the agency's vision of working with the cooperative credit union system to provide service to all segments of American society and to enable credit union members to thrive in the 21st century.

Most inquiries or complaints from credit union members are sent for action to the regional office where the member's credit union is located. The process at the regional office includes a review of the inquiry; action by the regional office or referral to the member's supervisory committee (audit committee) for action; and response(s) to the member. This review focused exclusively on NCUA's Region II (Alexandria, Virginia) member complaint process.

As a result of our findings during the course of the Region II review, we subsequently conducted a more comprehensive national review of NCUA's overall member complaint process, encompassing the additional NCUA regional offices. We intend to issue a report on this subsequent review in the near future. That report will include a detailed consideration of NCUA's role in responding to consumer complaints that do not allege violations of consumer laws and regulations.

The purpose of this review was to evaluate Region II's process and effectiveness in addressing complaints and inquiries received from members of natural person credit unions during 2002.

Our primary review procedures included evaluating the relationship of the member complaint process to written staff guidance, goals, the NCUA Annual Performance Plan, and the NCUA Strategic Plan. We interviewed appropriate regional staff and reviewed a sample of closed and in-process complaints and inquiries to evaluate the effectiveness of the process. Our review was performed from July through September 2002.

We observed that Region II's process and methods were appropriate for the region's current guidance, and that the region has devoted significant resources to respond to member complaints and inquiries. We observed that the region appears to be going the extra mile in attempting to resolve member complaints against credit unions.

We noted that like other NCUA regions, Region II is devoting significant resources to member inquiries and complaints that are non-regulatory or non-compliance in nature. Our sample review indicated two-thirds of the complaints addressed by the region were non-regulatory or non-compliance related complaints. Management estimated that eighty percent of all complaints handled were non-regulatory or non-compliance-related. Before the commencement of our review, regional management had initiated procedures aimed at reducing resources committed to non-regulatory and/or non-compliance-related complaints.

Overall, we concluded that Region II takes seriously its responsibility to answer inquiries in a timely and professional manner. We discussed the results of our review with regional management and staff. Our report provides four recommendations for improving the member complaint process in Region II.

BACKGROUND

Member Inquiry and Complaint Process

To properly serve existing credit union members and to retain the ability to attract new members, it is important for credit unions to respond to inquiries and complaints in a timely manner. In its Strategic Plan, NCUA states its intent to assist credit unions in their continued focus on improving service to members. Frequently, credit union members and other parties seek assistance from NCUA in resolving disputes or inquiries with credit unions. While operation of a credit union is the responsibility of the respective credit union officials, NCUA does attempt to expedite the dialogue when appropriate between credit unions and their members.

The NCUA mission and plans described in the agency Strategic Plan emphasize agency efforts to ensure that credit unions are empowered to make the necessary business decisions to serve the diverse needs of their members and potential members. The agency plans to assist credit unions in this respect by establishing a regulatory environment that encourages innovation, flexibility, and continued focus on attracting new members and improving service to existing members.

Member inquiries and complaints received by the region typically include complaints against credit unions; credit report requests; inquiries on how to correct credit reports; requests for reconsideration of a loan denial; complaints against banks or other non-credit union institutions; and loan documentation requests intended for a credit union. Complaints pertaining to state-chartered credit unions, requests for credit reports, or personnel issues may be forwarded to the appropriate state or federal agency for action.

Attachment 3, Region II Member Complaint Process Flowchart at the end of this report, describes the Region II process for addressing credit union member inquiries and complaints.

Review Plan

Review Objectives

The objectives of our review of the Region II member complaint process were to evaluate the current process used in the resolution of credit union member complaints submitted to Region II, determine the effectiveness of the Region II member complaint process, and provide recommendations for process improvement.

Review Scope

Our review scope included:

- Credit union member complaints submitted to Region II from January through July, 2002;
- Region II staff involved in member complaints or inquiries, including staff of the Division of Supervision (DOS), the Division Insurance (DOI), and the Division of Management Services (DMS); and

- Documentation for the review period including:
 1. Regional goals; the NCUA Annual Performance Plan; and the NCUA Strategic Plan;
 2. Regional staff guidance;
 3. Regional management reports; and
 4. Sample of member inquiries and complaints for:
 - Congressional requests;
 - Credit union member requests and NCUA central office requests; and
 - Complaints against NCUA staff.

Review Procedures and Methodology

Our review included the following procedures:

- Discussions with regional staff to determine and evaluate the regional office member complaint resolution process, internal and quality control efforts, and the effectiveness of the regional effort;
- Evaluation of the relationship of the member complaint process to written staff guidance, regional goals, regional performance plan, and the NCUA Strategic Plan; and
- Review of a sample of closed and in-process member complaints to evaluate the timeliness and effectiveness of the regional process and response.

MEMBER COMPLAINT SAMPLE REVIEW

Sample Selection

We reviewed a judgmental sample of 38 closed and in-process credit union member inquiries or complaints received by Region II from January through July 2002 to evaluate the effectiveness of the region's member complaint process.

We found that Region II receives some member inquiries from Congressional offices, while other complaints and inquiries are sent directly to the regional office. Most complaints that are within the purview of NCUA are sent initially by the regional office to the supervisory committee chair of the respective federal credit union for investigation. The region requests responses to investigations performed by the supervisory committee.

Each inquiry or complaint action taken by the regional office, such as referral of the complaint to the supervisory committee chair and responses received from the chair, is assigned a code for the action taken without an aggregation of action codes for each inquiry or complaint. The result of this method is an inaccurate and duplicative count of the actual number of complaints or inquiries received by the region.

To determine the review universe we relied on the Division of Insurance (DOI) listing of complaints received by the region and logged in using the GENISIS¹ system for the period of January 1, 2002 through July 25, 2002

Member Complaint and Inquiry Universe

Region II classifies member complaint actions using the following categories:

- Congressional Inquiries
- Initial Complaints sent to Supervisory Committee Chair
- Miscellaneous Complaint Correspondence
- Supervisory Committee Chair Response

Congressional Inquiries generally result from inquiries received by members of Congress from constituents. These are sent by the Congressional office to the region for review and action. Initial Complaints sent to supervisory committee chair are inquiries and complaints received by the region that were forwarded to the appropriate credit union supervisory committee chair for investigation and action. Miscellaneous Complaint Correspondence represents letters and e-mail inquiries acted on by the region, but may also represent correspondence regarding pending inquiries and complaints. Supervisory Committee Chair Response represents responses to the regional office regarding actions taken by the committee with respect to inquiries and complaints sent to the supervisory committee chair by the region.

¹ GENISIS (Generated Efficient National Information System for Insurance Services) is the software system developed and used by NCUA to record and monitor insurance related activities. The system is used extensively by the Region II DOI for division actions including member inquiries and complaints.

The following table represents the numbers of closed and in-process activity by Region II by major categories for 2002. Please refer to Attachment 1, Region II Universe, for additional information:

Region II Member Complaint and Inquiry Universe January 1 – July 25, 2002:

| <i>Description:</i> | <i>Closed:</i> | <i>In-Process:</i> | <i>Total:</i> |
|---|----------------|--------------------|---------------|
| Congressional Inquiries | 14 | 2 | 16 |
| Initial Complaint sent to Supervisory Committee Chair | 166 | 2 | 168 |
| Miscellaneous Complaint Correspondence | 101 | 8 | 109 |
| Supervisory Committee Chair Response | 182 | 13 | 195 |

We observed and verified with DOI staff that more than one category code per complaint was being used. For example when a complaint is received and sent to the Supervisory Committee for investigation, a code is assigned representing Initial Complaint sent to Supervisory Committee Chair. When the regional office receives a response from the Supervisory Committee a code is assigned representing the Supervisory Committee Chair Response. If other correspondence is received regarding the same complaint, another code representing Miscellaneous Complaint Correspondence may be assigned to the complaint. The result could be three or more codes being assigned to the same complaint.

The use of multiple codes per inquiry or complaint precluded our determining the exact number of inquiries or complaints received by the region for the review period. However, after discussion with staff it was determined that using the GENESIS system, a single code per inquiry or complaint can be assigned with sub-codes assigned for the various actions and follow-up by the region.

Review Samples

For the purposes of our review, we were primarily interested in the then-current 2002 process and actions taken by the region regarding member inquiries and complaints. We judgmentally selected for review 32 completed complaints plus six in-process complaints with large numbers of days in process. We selected at least one sample from each category.

Our review selection criteria included:

- Judgmental selection of 32 completed complaints; and
- Judgmental selection of 6 in-process complaints.

The chart on the following page shows our review universe and sample selections by individual categories.

Review Universe and Sample

| <i>Description:</i> | <i>Universe:</i> | <i>Review Sample:</i> |
|--|------------------|-----------------------|
| Completed: | | |
| Congressional Correspondence (code 80) | 14 | 2 |
| Initial Complaint to Supervisory Committee Chair (code 76) | 166 | 5 |
| Miscellaneous Complaint Correspondence (code 78) | 101 | 10 |
| Supervisory Committee Chair Response (code 77) | <u>182</u> | <u>15</u> |
| Totals: | 463 | 32 |
| In-Process: | | |
| Congressional Correspondence (code 80) | 2 | 1 |
| Initial Complaint to Supervisory Committee Chair (code 76) | 2 | 1 |
| Miscellaneous Complaint Correspondence (code 78) | 8 | 2 |
| Supervisory Committee Chair Response (code 77) | <u>13</u> | <u>2</u> |
| Totals: | 25 | 6 |
| | | |
| Grand Totals: | 488 | 38 |

CONCLUSIONS:

We found that one code is assigned to each inquiry or complaint with no aggregation of code action under a single number for each inquiry or complaint. The current method results in an inaccurate and duplicative count of complaints or inquiries.

RECOMMENDATION 1:

To ensure accurate counting and monitoring of member inquiries and complaints, the region should implement a system, currently available using the GENISIS system, to account for inquiries and member complaints using one number with sub-category log numbers for actions taken by the regional office.

Region II Comments:

We have taken steps to address this issue. Currently, all incoming complaint correspondence is assigned a separate log sheet for GPRA purposes. This log sheet enables us to track the length of time a complaint is open, the nature of the complaint, whether a regulation violation occurred, and whether the complaint was submitted through a congressional office. This change adds greater transparency to our tracking process.

Review Results

We reviewed a judgmental sample of thirty-eight member inquiries and complaints received by the region from January 1, 2002 through July 25, 2002, representing thirty-two completed and six in-process complaints.

We found that Region II is handling the majority of member inquiries and complaints in a timely manner, and almost all inquiries and complaints in a reasonable manner. In addition, from our sample we found that approximately two-thirds of the sample complaints did not involve regulatory or compliance issues. Region II management estimates that approximately 80 percent of all complaints handled are non-regulatory or non-compliance related. Consequently, the region is spending most of its inquiry and complaint resources on complaints outside the enforcement authority of the agency. For review summary information, please refer to Attachment 2 – Region II Sample Summary at the conclusion of this report.

The focus of our review was to determine the following issues for each instance:

- whether the inquiry was handled in accordance with agency policy (timely resolution);
- whether the inquiry was handled in a reasonable manner;
- whether the inquiry tracking and monitoring were reasonable;
- whether all inquiry issues were addressed;
- whether inquiry follow-up was timely and adequate; and
- whether the complaint was a regulatory or compliance-related complaint.

Region II Sample Analysis:

| | <i>Yes %</i> | <i>No %</i> |
|--|--------------|-------------|
| Question 1 – Was the inquiry handled in accordance with national/regional policy? (Did the region address the inquiry within the time frames of the procedures?) | 57% | 43% |
| Question 2 – Was the inquiry handled in a reasonable manner? (Did the region address the issues of the inquiry and handle the inquiry in a reasonable manner given the facts and available guidance?) | 95% | 5% |
| Question 3 – Was the inquiry tracking and monitoring reasonable? (Did the region identify, record, and monitor actions taken in a reasonable manner and in accordance with available procedures?) | 78% | 22% |
| Question 4 - Were all inquiry issues addressed? (Did the region address all inquiry issues and report actions taken to resolve the issues to the member?) | 94% | 6% |
| Question 5 – Was inquiry follow-up timely and adequate? (Did the region follow-up on the inquiry in accordance with procedures?) | 80% | 20% |
| Question 6 - Was the complaint regulatory or compliance-related? (Was the complaint related to region's enforcement/compliance authority?) | 34% | 66% |

CONCLUSIONS:

We determined from our review that inquiries and complaints were generally handled in a timely manner (57 percent of the complaints), and reasonable manner (95 percent of the complaints). Approximately two-thirds of the sample complaints (66 percent) were non-regulatory or compliance related. Region II management estimates approximately 80 percent of all complaints handled are non-regulatory or non-compliance related. Based on the forgoing information, the region is spending most of their inquiry and complaint resources on complaints that do not allege a specific violation. Regional management is developing procedures to reduce resources spent on non-regulatory inquiries and complaints.

As a result of our findings during the course of the Region II review, we subsequently conducted a more comprehensive national review of NCUA's overall member complaint process, encompassing the additional NCUA regional offices. We intend to issue a report on this subsequent review in the near future. That report will include a detailed consideration of NCUA's role in responding to consumer complaints that do not allege violations of consumer laws and regulations.

MEMBER COMPLAINT PROCESS

Plans and Guidance

To determine and evaluate the current member complaint process in Region II, we obtained and reviewed the most recent NCUA Strategic Plan for the years 2000-2005; the final NCUA 2002 Annual Performance Plan; the Region II 2002 annual plan; the Region II DOS and DOI 2002 annual plans; and national and regional current and proposed member complaint handling guidance.

We found that the NCUA Strategic Plan, 2002 NCUA Annual Performance Plan, and the Region II 2001 and 2002 Operating Plans, did not specifically address the handling of member complaints. However, the Region II DOS and DOI plans and goals did address member complaint processing.

NCUA Instruction No. 12400.04 and Region II guidance address credit union member inquiry and complaint handling. Current Region II regional guidance parallels the national instruction and provides adequate instruction to regional staff.

NCUA Strategic Plan

Credit unions have grown and prospered over the past thirty years for many reasons. Reasons popularly cited are that they have provided high quality, friendly, face-to-face service and high quality products, at competitive rates, while keeping the risks and costs to members low. Credit unions differentiate themselves from other financial institutions by virtue of their cooperative ownership structure.

The NCUA interests and responsibilities go beyond a narrowly defined view of the financial condition of credit unions to a regulatory approach supporting credit unions in their attempts to compete in the marketplace. The agency strives to establish a regulatory environment that encourages credit union innovation, flexibility, and continued focus on attracting new members and improving service to existing members.

The NCUA Strategic Plan (Plan) states the agency's charge is to foster the safety and soundness of federally insured credit unions and to better enable the credit union community to extend credit union services for productive and provident purposes to all Americans. The Plan has five Strategic Goals. However, we found that none of the goals specifically address the handling of member complaints by NCUA.

NCUA 2002 Annual Performance Plan

The NCUA prepares annual performance plans to accomplish objectives in the five year strategic plan. The NCUA 2002 Plan contained five strategic goals that parallel and support the recent strategic plan. The agency approach is to ensure that NCUA staff, at all levels, communicate effectively in word and deed and use a regulatory approach that supports credit unions in their efforts to be financially safe, sound, and highly member-focused.

NCUA, in its 2002 Annual Performance Plan, focused on regulatory flexibility and enhancing credit unions' ability to grow. In addition, the agency planned to focus on removing barriers for

credit unions that choose to extend affordable financial services to designated underserved areas. The goals and plans address credit union service to members. However, we found that none of the goals and plans specifically address resolving credit union member complaints.

Region II 2001 and 2002 Operating Plans

The Region II 2001 Operating Plan indicated plans for the regional staff to participate in workshops with State Supervisory Authorities (SSA), state credit union regulators, credit union leagues, and other trade organizations for credit unions to improve service to their membership. The Region II 2002 Operating Plan indicated NCUA exists to assure safe and sound service to credit union members through their individual credit unions.

Regional management indicated that the region works to integrate the regional work and plans with the NCUA Strategic Plan. In addition, management ensures that the regional annual performance plans address agency plans and goals.

Region II DOI 2002 Goals – Member Complaints

Region II DOI 2002 goals regarding member complaints and inquiries from the public stated, “We have taken steps to provide better service to callers via the implementation of an automated phone system. We will now review the way we process our complaints and inquiries to make recommendations to further improve our response time and enhance customer satisfaction.” Regional management indicated that revised draft phone script and procedures were completed in June 2002, and were to be implemented upon approval by the regional director. At the time of our review, the new procedures had not been implemented.

NCUA Guidance

At the commencement of our review the only national guidance available and in use by Region II for the handling of credit union member complaints was NCUA Instruction 12400.2, dated July 17, 1995, Compliance Activities: Complaint Handling and Documentation of Violations. The instruction provided guidance for the handling of alleged consumer compliance violations and other complaints. Only one time frame was specified, that being an acknowledgment letter must be sent from the regional office to the complainant within seven days of the receipt of the complaint in the regional office when the complaint was addressed to an NCUA Board member. The instruction did not provide any guidance regarding the amount of resources and time to spend resolving complaints.

Revised National NCUA Guidance

In 2002, the NCUA Office of Examination and Insurance (E&I) released for agency comment a revised national instruction No.12400.04. The instruction was essentially the same as the 1995 instruction for handling complaints. However, there was an expanded section regarding Compliance Regulation Violation Database with respect to the current examination system. The agency issued the revised NCUA Instruction No.12400.04 on September 5, 2002, Compliance Activities: Complaint Handling and Documentation of Violations.

Division of Insurance - Region II Current Guidance:

Region II guidance for complaint processing is contained in member complaint processing procedures adopted in 1997. This guidance addresses current procedures and time frames in addressing credit union member inquiries and complaints.

Complaints are received in the regional office via mail, e-mail, and telephone. The region encourages the member to first attempt to resolve the complaint through the credit union's supervisory committee. If a member has tried to resolve the complaint with the credit union's officials, but the credit union has not been responsive, or if the allegations made by the member are regulatory in nature, the member is to be instructed to write a letter to NCUA explaining, in detail, the specifics of the complaint.

Region II guidance states:

- After the region receives a complaint it is logged in and must be processed within fourteen calendar days.
- Regarding complaints involving federal laws, the Federal Credit Union Act, Federal Credit Union Bylaws, or NCUA's Rules and Regulations, a letter with specific information is sent to the credit union from the regional office with suggestions for correction and a request for the credit union's plan to resolve the issue. The credit union is given 30 days to respond back to the regional office regarding actions taken.
- Region II uses a series of form response letters to initially respond to the complaint.
- If a letter was sent to the credit union requesting an investigation, a follow-up log sheet is created to track and monitor the credit union's response.
- When a complaint is sent to the credit union supervisory committee chair for investigation, the regional office provides thirty calendar days to investigate and respond to the complainant. The supervisory committee is also asked to submit a copy of its letter to the member to the regional office for review along with any supporting documentation. If the credit union fails to respond to the initial request, another letter is sent with an additional time of fourteen days to respond. If there is still no response, a call is made to the supervisory committee. If the supervisory committee does not respond, a regional director letter is sent to the credit union president. If still there is no response, a memorandum is sent to the district examiner for follow-up. After a regional office review of the credit union's action, the regional office closes the file if the action was satisfactory. If action is not satisfactory, the supervisory committee is contacted in writing and requested to reinvestigate, with generally the turn around time for the second investigation being 14-21 calendar days.
- After the complaint has been processed and action taken, it will be logged off the monitoring system. According to Region II officials, the normal length of time to resolve a complaint is 30-60 days.

- If a member is not satisfied with the outcome of the credit union's investigation or the region's response, the member may appeal in writing to the regional office, specifically stating what is disputed and also providing documentation which supports the continued concerns.

Division of Supervision (DOS) Member Complaint Processing Procedures:

The DOS also receives a limited number of complaints from credit unions regarding the examination process. DOS member complaint processing procedures include an acknowledgement letter upon receipt of the complaint, and assignment of the complaint investigation to an appropriate supervisory examiner. Upon receipt of the results of the investigation, a DOS analyst reviews the supervisory examiner's findings and prepares a response letter for Regional Director signature to the complainant.

Complaints handled by DOS are logged in the DOS Access log under General, with a sub listing Member Complaint.

Upon final resolution of a complaint involving a violation of federal law, the violations are logged onto the Compliance Violation Log. The DOS submits the information on the log on a quarterly basis to the Office of Examination and Insurance.

Region II Proposed Complaint Processing Procedures:

In July 2002, Region II developed revised guidance to handle member inquiries and complaints including:

- Upon receipt of a written complaint that does not fall within the scope of NCUA's enforcement authority, the region proposed sending a letter to the member or complainant summarizing NCUA's enforcement authority and what agency they should contact in order to pursue their complaint. Examples of non-enforcement complaints may include, but are not limited to, automobile repossessions, contract law, probate issues, level of service, bankruptcy, late fees (unless the region suspected pyramiding of debt), employment issues, collection issues, and matters falling under the Uniform Commercial Code. The region estimated that follow-ups and supervisory committee responses of this nature represent approximately 80 percent of the member complaint workload.
- The region indicated that efficiency could be improved by modifying the recording on the member complaint line to include a message stating what types of complaints fall within NCUA's enforcement authority. The recording would continue to tell members that they should first contact the credit union's supervisory committee and that NCUA will only investigate and respond to written complaints
- For complaints that fall under the region's enforcement authority, the region planned to continue to use the current member complaint processing procedures with one modification. That is, the region would respond to each member after a review of the supervisory committee's response. The region believed this would eliminate the follow-up calls made by members regarding their complaints.

CONCLUSIONS:

After reviewing the NCUA written plans and guidance, we found that the NCUA Strategic Plan, the 2002 NCUA Annual Performance Plan, and the Region II 2001 and 2002 Operating Plans did not specifically address the handling of member complaints. However, the Region II DOS and DOI respective plans and goals did address member complaint processing.

NCUA Instruction No. 12400.04 and Region II guidance adequately address member inquiry and complaint handling. Current Region II regional guidance parallels the national instruction and provides adequate instruction to regional staff.

RECOMMENDATION 2:

To ensure that resources are identified in the member inquiry and complaint process work, the region should address the work in the budget process and in the regional annual performance plan.

Region II Comments:

We are increasing our resources in the Division of Insurance. Specifically, we are currently in the process of hiring a third insurance technician that will be cross trained in the processing of member complaints. This will enable greater depth of staff and reduce the demands placed on the existing personnel (backup).

In addition, the processing of member complaints has been added to our annual performance plan to ensure the goals outlined in our member complaint processing procedures are being met.

RECOMMENDATION 3:

At the time of our review, the region was considering revising member complaint handling procedures and practices that could have been outside the requirements of the national guidance then in force. To ensure that regional guidance remains current and in accordance with national guidance, regional guidance and practice should parallel or exceed national guidance and intent.

Region II Comments:

We interpret your recommendation to mean we should remain vigilant in our adherence to policy. Currently, Region II's revised procedures fall well within, and in some cases exceed, the parameters of national guidance.

Internal Controls Evaluation

Regional management indicated that most of the member inquiries and complaints are processed through the DOI. Our evaluation of available internal controls focused around the member inquiry and complaint process activity performed in the DOI.

We observed that the workload in the DOI dictates that a single technician is assigned the tasks involved with GENISIS logging of complaints and handling of complaints. The technician spends most of her time handling member complaints as well as performing other DOI work and input to the GENISIS system. The DOS handles only a limited number of inquiries and complaints. Inquiries and complaints handled by DOS relate primarily to credit union examinations.

Senior regional management investigates complaints of a personal nature against NCUA staff. Written procedures have not been developed by Region II for these types of complaints.

Regional internal controls included time frames for completion of inquiries and complaints; letters to complainants reviewed and signed by regional management; and management monitoring of work logs, weekly and monthly reports and reviews, and progress reports of completed work.

Division of Insurance

Most of the credit union member inquiries and complaints are handled by the DOI. The GENISIS system is utilized to record and track activities in the DOI, including inquiries and complaints.

Region II has identified one DOI technician as the primary person involved with the member complaint process to login, monitor, and provide follow-up for the region. The DOI technician spends the vast majority of her time handling member complaints and is the primary internal control person for member complaint actions. She processes telephone, e-mail, and written inquiries. In addition, she monitors the time frames for complaint completion, prepares letters to complainants, prepares management reports, and prepares progress reports for the Division Director, Associate Regional Director for Operations, and Regional Director.

The DOI technician is the expert on the GENISIS system for the region. She logs the complaints and inputs other DOI transaction information into the system such as field of membership actions, and credit union mergers and liquidations. From the system, she prepares the weekly log of transactions and other reports required by regional management to track and monitor DOI activity. The weekly activity log identifies DOI member complaint activity and status. The DOI Monthly Division Management Report captures member complaint activity.

When the DOI technician is out of the office, complaints or actions are not processed and backlogs can and do occur. At the time of our review, the region had proposed using an additional staff member to assist and back up the primary DOI technician and to strengthen internal controls.

Division of Supervision

DOS handles credit union member inquiries or complaints against NCUA staff regarding disagreements with examination ratings and issues related to examinations. The DOS monthly management report addresses division activity. However, the management report does not identify member complaint activity.

Complaints Against NCUA Staff

The DOS processes personal complaints against NCUA staff. We were informed that there have been no recent (year 2002) complaints against NCUA staff other than examination disagreements from credit unions. If a complaint of a personal nature is received against NCUA staff, consultations are held among senior management to determine the assignment and procedures to follow in the investigation and resolution of the complaint. The DMS in the regional office maintains records pertaining to personal complaints against staff. Complaints received against regional division directors are handled by senior Region II management.

CONCLUSIONS:

The workload in the DOI dictates that a single DOI technician is assigned the tasks involved with GENISIS logging of complaints and handling of complaints. She spends most of her time handling member complaints as well as performing other DOI work and input to the GENISIS system.

The DOS handles the limited number of credit union examination-related inquiries and complaints. Complaints and inquiries of a personal nature not related to credit union examinations are investigated by senior regional management.

RECOMMENDATION 4:

To limit backlogs, ensure orderly flow of work, and separation of duties, the region should devote sufficient resources to provide backup for the current DOI technician tasked with credit union member inquiry work.

Region II Comments:

Region II is in the process of interviewing and hiring a third insurance technician to assist with member complaints. This will permit cross-training, greater depth of staff, and better separation of duties. The backup resources should well satisfy this recommendation.

ATTACHMENT 1 – Region II Universe

| <i>DOI</i> | <i>2002</i> | <i>2002 Sample</i> | <i>2002 In Process</i> | <i>2002 In Process Sample</i> |
|--|--------------------|---------------------------|-----------------------------------|--|
| <u>Congressional</u> | 14 | | 2 | |
| Within 7 days | 10 | | | |
| Exceeded 7 days | 4 | 2 | 2 | 1 |
| <u>Initial Complaint to SCC</u> | 166 | | 2 | |
| Within 7 days | 109 | 2 | 1 | |
| Exceeded 7 days | 57 | 3 | 1 | 1 |
| <u>Misc. Compl. Corresp.</u> | 101 | | 8 | |
| Within 14 days | 59 | 4 | 5 | |
| Exceeded 14 days | 42 | 6 | 3 | 2 |
| <u>SC Response</u> | 182 | | 13 | |
| Within 14 days | 116 | 8 | 8 | |
| Exceeded 14 days | 66 | 7 | 5 | 2 |
| <i>DOS (1/1/01-7/31/02)</i> | | | | |
| 29 complaint items related to examinations | | 0 | | 0 |
| | | | | |
| <i>Staff Complaints (1/1/01- 7/31/02)</i> | | | | |
| 0 complaint items | | 0 | | 0 |
| | | | | |
| Sample Totals | | 32 | | 6 |
| | | | | |

ATTACHMENT 2 – Region II Sample Summary

| <u>Sample Category</u> | <u>Q1</u> <i>Yes No NA</i> | <u>Q2</u> <i>Yes No NA</i> | <u>Q3</u> <i>Yes No NA</i> | <u>Q4</u> <i>Yes No NA</i> | <u>Q5</u> <i>Yes No NA</i> | <u>Reg</u> <i>Yes No</i> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
| <u>Open</u> | | | | | | |
| Congressional | 1 | 1 | 1 | 1 | 1 | 1 |
| Initial Complaint to Supervisory Comm. | 1 | 1 | 1 | 1 | 1 | 1 |
| Misc. Complaint Correspondence | 2 | 2 | 2 | 1 1 | 1 1 | 1 1 |
| SC Response | 1 1 | 2 | 2 | 2 | 2 | 2 |
| <u>Closed</u> | | | | | | |
| Congressional | 2 | 2 | 2 | 2 | 2 | 2 |
| Initial Complaint to Supervisory Comm. | 3 1 1 | 3 1 1 | 3 1 1 | 4 1 | 3 1 1 | 1 4 |
| Misc. Complaint Correspondence | 5 5 | 10 | 7 3 | 10 | 7 3 | 3 7 |
| SC Response | 8 7 | 14 1 | 13 2 | 13 2 | 12 3 | 7 8 |
| <u>Totals</u> | 21 16 1 | 35 2 1 | 29 8 1 | 33 2 3 | 28 7 3 | 13 25 |
| | | | | | | |
| | Y= 21 N= 16 N/A=1 | Y= 35 N= 2 N/A=1 | Y= 29 N= 8 N/A=1 | Y= 33 N= 2 N/A=3 | Y= 28 N= 7 N/A=3 | Y= 13 N= 25 |
| | | | | | | |
| <u>Totals</u> | 38 | 38 | 38 | 38 | 38 | 38 |

ATTACHMENT 3 – Region II Member Complaint Process Flowchart

